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TAGS: [ETRD](#) [EFIN](#) [ECON](#) [PREL](#) [GCC](#) [AE](#)
SUBJECT: UAE OFFICIALS ON GCC COMMON MARKET AND CURRENCY
UNION

REF: ABU DHABI 3709

Classified By: Martin Quinn Charge D'Affaires a.i for reasons 1.4 (b & d).

¶1. (C/NF) Econchief briefly discussed the prospects for the GCC common market (scheduled to be established by 2007) and the GCC monetary union (scheduled for 2010) with MinEcon U/S Abdullah Al-Saleh and Central Bank Governor Sultan Nasser Al-Suwaidi on October 8 and 9. In response to econchief's question, Al-Saleh flatly stated that the GCC common market would not be established by 2007. He explained that the GCC was still having difficulties effectively implementing the GCC customs union, and that issues of reciprocal investment, etc. had not been resolved. Al-Saleh noted that the "leadership" sometimes made decisions (such as calling for a common market by 2007) that the "working level" were not implementing. When asked about the prospects of a currency union in 2010, Al-Saleh was more positive, saying that he thought that was more likely.

¶2. (C) On October 8, Econchief briefly discussed the GCC currency union with Al-Suwaidi and the Governor's alleged remarks that the GCC Central Bank would be located in Abu Dhabi. Al-Suwaidi said that papers in the UAE erroneously attributed the statement to him that the GCC Central Bank would be located in the UAE rather than identifying it as a supposition of the paper interviewing him. Al-Suwaidi said that the GCC monetary union could slip slightly from its 2010 planned start, but "would be close." He explained that -- in contrast to the Eurozone -- he thought that GCC laws and policies were better integrated, which would augur well for the success of a common currency. (Note: The Central Banks are to prepare a draft paper regarding the single currency in advance of the GCC summit in December 2006. End Note.)

¶3. (C/NF) Comment: UAEG officials have told us on several occasions of their frustrations with the customs union, generally complaining about Saudi Arabia slowing down traffic at the border, excessively. The more reflective have admitted that all sides (including the UAE) share some of the blame. Barriers to intra-GCC investment (including investment in property and in the equity markets) remain, and will need to be addressed in order for the GCC to develop a true common market. In his meeting with State A/S for Economic and Business Affairs Sullivan and Treasury DAS Saeed, Al-Suwaidi noted that political/sovereignty issues could delay implementation of the currency union (reftel), so his current remarks are not unexpected. End Comment.
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